



Patrick W. Henning, Director

February 26, 2008

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Arnold Schwarzenegger  
Governor

Ms. Pam Miller, Director  
Yolo County Department of Employment and Social Services  
25 North Cottonwood Street  
Woodland, CA 95695

Dear Ms. Miller:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Yolo County Department of Employment and Social Services (DESS) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by [REDACTED] from November 5, 2007 through November 9, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by DESS with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with DESS representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, DESS' response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on January 16, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 2 cited in the draft report, no further action is required and we consider the issue resolved.

Conversely, DESS did not adequately address findings 1 and 3 cited in the draft report and we consider these findings unresolved. We requested that DESS provide the Compliance Review Division (CRD) with additional information to resolve these issues that led to the findings. Therefore, these findings remain open and have been assigned CATS numbers 80029 and 80031.

### **BACKGROUND**

The DESS was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, DESS was allocated \$731,494 to serve 114 youth participants. While none of the funds allocated for adults and dislocated workers for PY 2007-08 have been expended, for PY 2006-07, DESS was allocated \$483,474 to serve 59 adult participants and \$483,028 to serve 56 dislocated worker participants.

For the quarter ending September 30, 2007, DESS reported the following expenditures for its WIA programs for PY 2007-08: \$190,294 for youth participants; and for PY 2006-07, \$319,977 for adult participants; and \$284,213 for dislocated worker participants. In addition, DESS reported the following enrollments for PY 2007-08: 54 youth participants; and for PY 2006-07, 28 adult participants and 23 dislocated worker participants. We reviewed case files for 25 of the 229 participants enrolled in the WIA program as of October 15, 2007.

### **PROGRAM REVIEW RESULTS**

While we concluded that, overall, DESS is meeting applicable WIA requirements concerning grant program administration; we noted instances of noncompliance in the following areas: Memorandum of Understanding (MOU), Workforce Investment Board (WIB) composition, and subrecipient monitoring. The findings that we identified in these areas, our recommendations, and DESS' proposed resolution of the findings are specified below.

**FINDING 1**

**Requirement:** 20 CFR Section 662.300(a) and (b) states, in part, that the MOU is an agreement developed and executed between the Local Board, with the agreement of the chief elected official, and the One-Stop partners relating to the operation of the One-Stop delivery system in the local area. Additionally, the MOU must contain provisions that cover services to be provided through the One-Stop delivery system, funding of the services, operating costs of the system, and methods for referring individuals between the One-Stop operator and partners.

**Observation:** We found that one MOU, with the Employment Development Department (EDD), has not been completed and is still in negotiation. The previous MOU expired June 30, 2007 and there is no anticipated date when it will be completed.

**Recommendation:** We recommended that DESS provide CRD with a CAP, including a timeline, for entering into an MOU with EDD. We also recommended that DESS provide CRD with a copy of the MOU with EDD once it is signed.

**DESS Response:** The DESS stated that it does not accept this finding. The DESS and the WIB staff have made many attempts to initiate the MOU renewal process with EDD Wagner-Peyser funded Job Services Division of EDD. The EDD has not cooperated as required by WIA in a good faith effort to renew its obligation as a One-Stop partner. The DESS requests that CRD remove this finding until their EDD counterpart can provide the information needed to develop an MOU with a suitable resource sharing plan for DESS as the One-Stop system operator.

**State Conclusion:** Based upon DESS' response, we cannot resolve this issue at this time. If DESS feels that it has reached an impasse, we recommend that it follow the notification process cited in WIAD 05-6. We also recommend that DESS consult with its Regional Advisor for assistance in this matter. This issue remains open and has been assigned CATS number 80029.

**FINDING 2**

**Requirement:** WIA 117(b)(2) states, in part, that membership of each WIB shall include representatives of businesses in the local area.

20 CFR 661.315(d) states, in part, that a majority of the members of the local board must be representatives of businesses in the local area.

**Observation:** We observed that the composition of the WIB does not include the required majority of representatives of businesses in the local area. Specifically, of the 32 Board members, only 16 representatives are from the local business sector. As a result, the WIB needs one additional business member to establish a business majority. This issue was also noted in CRD's Final 85-Percent Program Monitoring Reports for PY 2005-06 and 2006-07.

**Recommendation:** We recommended that DESS provide CRD with a CAP, including a timeline, for appointing the required business member to the WIB. We also recommended that once this position is filled, DESS provide CRD with an updated roster of all members.

**DESS Response:** The DESS provided an updated WIB board roster that identified an additional business member, which resulted in a business majority on the WIB.

**State Conclusion:** We consider this finding resolved.

### **FINDING 3**

**Requirement:** 20 CFR 667.410(a) states, in part, that each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors.

WIAD00-7 states, in part, that onsite monitoring of all subrecipients must occur at least once each program year and that the onsite review of each subrecipient is both fiscal and programmatic. Additionally, the monitoring of subrecipients must follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions. Further, the monitoring of subrecipients require systematic follow-up to ensure that necessary corrective action has been taken.

**Observation:**

We observed that DESS does not issue written reports in a timely manner. We also found that DESS does not provide systematic follow-up of programmatic monitoring of its subrecipients to ensure that necessary corrective action is completed in a timely manner.

Specifically, for PY 2005-06, DESS identified three subrecipients subject to on-site monitoring. Other than internal reports released to DESS' contracts department, DESS did not provide any monitoring reports listing formal findings or due dates for the accomplishment of corrective actions that were released to the subrecipients. Further, we did not observe any documentation to substantiate that responses were received from the subrecipients. The DESS issued documents on July 3, 2006 and July 6, 2006, after the end of the contract year, which referenced the on-site monitoring visits conducted in October 2005. These documents provided summaries of findings, conclusions, and recommendations for whether or not the subrecipients' contracts be renewed for the 2006-07 fiscal year. However, no response date was provided for the subrecipient to respond to the recommendations.

For PY 2006-07, DESS identified two subrecipients subject to on-site programmatic monitoring. However, we did not observe any documentation to substantiate that written reports, listing formal findings or due dates for the accomplishment of corrective actions, were release to the subrecipients. Further, we did not observe any documentation to substantiate that responses were received from the subrecipients. For PY 2007-08, DESS did not have any subrecipients.

**Recommendation:**

We recommended that DESS develop a CAP, including a time line, stating how it will complete on-site programmatic monitoring of its subrecipients that results in the release of timely written reports and systematic follow-up for recommended corrective actions.

**DESS Response:**

The DESS wanted to clarify that two identified subrecipients in PY 2006-07 have contracts with a start date of June 5, 2007, and an end date of June 30, 2008. The majority of the services provided by the subrecipients would be in PY 2007-08, they were identified as PY 2006-07 subrecipients due to the fact that PY 2006-07 funds were obligated.

The DESS stated that between January and June of 2008, DESS would develop programmatic monitoring tools; conduct on-site monitoring; provide timely written reports with a response period; and provide systematic follow-up for recommended corrective actions documented for the two subrecipients identified in PY 2006-07.

**State Conclusion:** The DESS' response is insufficient to resolve this issue. The DESS' proposed CAP does not provide specific timelines to ensure that its subrecipients will be monitored during this program year. Specifically, it does not provide a schedule of when DESS will monitor the two subrecipients. The date for monitoring their two subrecipients is significant in this case because, as stated by DESS, the contract is scheduled to end in June 2008. We recommend that DESS provide CRD with a CAP that takes more prompt action to implement the monitoring policy and procedures and complete its required monitoring activities.

Although the monitoring for PY 2005-06 programs is complete, pending follow-up, we further recommend that DESS provide CRD with the results of its follow-up activities. This issue remains open and has been assigned CATS number 80031.

In addition to the findings above, we identified a condition that may become a compliance issue if not addressed. Specifically, we observed that in two instances, DESS was not able to provide documentation that shows they identified and coordinated with other funding sources before spending WIA funding on individualized training accounts or supportive services. Although DESS has discretion in choosing its method to document that the requirement has been met, we suggested that DESS develop a procedure that states their method to document compliance with WIA requirements.

In its response, DESS stated that its staff has been advised to narrate/document the identified and/or coordinated funding sources that are utilized prior to spending WIA funds on individualized training accounts or supportive services. The DESS' response adequately addressed our concerns.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report

Ms. Pam Miller

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to your office on the date indicated above, we request your response no later than March 25, 2008. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Division  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is DESS' responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain DESS' responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Gerald Lee at (916) 654-8270.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

cc: Shelly Green, MIC 45  
Jose Luis Marquez, MIC 50  
Don Migge, MIC 50  
Lydia Rios, MIC 50